

ISSUE BRIEF: FEDERAL APPROVAL OF IDAHO MEDICAID REFORM

Background

- In mid-2005, Idaho Medicaid began to design a modernization plan to increase program quality and achieve fiscal sustainability.
- The plan was to create Medicaid eligibility categories and benefit plans based on identified health needs. The plan also included program administration reforms.
- Idaho Medicaid proposed to use federal Section 1115 waiver authority for reform.

Reform Timeline

- A concept paper was presented to the Centers for Medicare & Medicaid Services (CMS) in July 2005.
- In February 2006, the Idaho Medicaid Simplification Act was introduced in the Idaho Legislature along with a package of companion bills.
- The Governor signed the Simplification Act into law on March 31, 2006.
- Idaho Medicaid submitted a Section 1115 waiver request on April 24, 2006.

The Deficit Reduction Act of 2005

- Concurrent to Medicaid reform planning efforts in Idaho, Congress created and passed the Deficit Reduction Act of 2005 (DRA). The DRA was signed by the President on February 8, 2005.
- On March 31, 2006, the Secretary of the U.S. Department of Health and Human Services issued guidance to states on DRA impacts to Medicaid.
- CMS recommended in late April 2006 that Idaho use DRA provisions to authorize program reforms instead of a Section 1115 waiver.

Benchmark Plans

- Section 6044 of the DRA allows the use of "benchmark" benefit plans that may consist of different benefits than "standard" Medicaid.
 - This provision allowed Idaho Medicaid to create tailored benefit plans:
 - 1) for low-income children and working-age adults,
 - 2) for individuals with disabilities or special health needs, and
 - 3) for elders or those otherwise dually eligible for Medicaid and Medicare.
 - These benchmark benefit plans will align Medicaid services with the health needs of participants.
 - These benchmark benefit plans also serve as three separate eligibility plans for different Medicaid groups.
- Idaho secured federal authority for these benchmark benefit plans in May 2006 through the DRA and amendments to Idaho's State Plan for Medical Assistance.
- Idaho also secured approval of several additional State Plan amendments that authorize changes to Medicaid management, such as consolidated purchasing.

Outstanding Issues

- Certain other DRA provisions affecting Medicaid reforms are complex and require additional interpretation, including provisions on use of co-pays.
- In addition, DRA impacts on Idaho's premium assistance, health information technology, and caregiver support initiatives require additional interpretation before planned reforms can take place.